



Lawrence B. Somers
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January 15, 2016

VIA ELECTRONIC FILING

Gail L. Mount
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**Re: Request of Duke Energy Corporation for Expedited Approval of
Piedmont Transaction-Related Financing
Docket Nos. E-2, Sub 1095; E-7, Sub 1100 and G-9, Sub 682**

Dear Ms. Mount:

I enclose the Request of Duke Energy Corporation ("Duke Energy") for Expedited Approval of Piedmont Transaction-Related Financing in connection with the referenced matter. Duke Energy respectfully requests Commission approval of this Application within thirty (30) days.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lawrence B. Somers', written over a horizontal line.

Lawrence B. Somers

Enclosure

cc: Parties of Record

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1095

DOCKET NO. E-7, SUB 1100

DOCKET NO. G-9, SUB 682

In the Matter of)	
)	
Application of Duke Energy Corporation)	REQUEST OF DUKE ENERGY
and Piedmont Natural Gas, Inc. to)	CORPORATION FOR EXPEDITED
Engage in a Business Combination)	APPROVAL OF PIEDMONT
Transaction and Address Regulatory)	TRANSACTION-RELATED
Conditions and Codes of Conduct)	FINANCING

NOW COMES Duke Energy Corporation (“Duke Energy”) pursuant to N.C. Gen. Stat. § 62-160 through § 62-169, Commission Rule R1-5, and Regulatory Conditions 7.6(d) and 9.1, as approved by the Commission in its June 29, 2012 *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* in Docket No. E-2, Sub 998 and E-7, Sub 986, and hereby applies for expedited approval of the securities issuances and financings associated with the proposed business combination of Duke Energy and Piedmont Natural Gas, Inc. (“Piedmont”). Duke Energy and Piedmont are filing their application to engage in a business combination transaction under N.C. Gen. Stat. § 62-111(a) (“Merger Application”), at the same time and in the same dockets as this Request for expedited approval of the associated securities issuance (“Request”). In support of this Request, Duke Energy shows the following:

1. N.C. Gen. Stat. § 62-160 through § 62-169 and Commission Rule R1-16 govern the issuance of securities by a public utility. Additionally, in its June 29, 2012 *Order Approving Merger Subject to Certain Regulatory Conditions and Code of Conduct* in Docket Nos. E-7, Sub 786 and E-2, Sub 998, the Commission approved certain

regulatory conditions pertaining to securities issuances, financings, mergers, acquisitions, or other business combination transactions. Regulatory Condition 7.6(d) provides that securities issuances or financings that are “associated with a merger, acquisition, or other business combination shall be filed in conjunction with the information requirements and deadlines stated in Regulatory Conditions 9.1 and 9.2, and this Condition 7.6 shall not apply to such securities issuances or financings.” Regulatory Condition 9.1 requires the filing of an application for approval of a merger, acquisition, or other business combination pursuant to N.C. Gen. Stat. 62-111(a) at least 180 days before the proposed closing date where any such combination would have an Effect on Duke Energy Carolinas, LLC’s (“DEC”) or Duke Energy Progress, LLC’s (“DEP”) Rates or Service.¹ In compliance with these two Regulatory Conditions, Duke Energy is filing this preliminary financing plan associated with the proposed business combination transaction (“Transaction”) with Piedmont in conjunction with its Merger Application.

2. Duke Energy intends to finance this transaction with a combination of Duke Energy equity, long-term debt issued at the Duke Energy holding company, and other potential sources of cash. Duke Energy plans to raise equity for the transaction through one or more of the following: common stock offering, dividend reinvestment program (or DRIP), equity-linked securities or other options. With respect to a public offering of common stock, Duke Energy may seek to hedge the market risk associated with changes in the value of Duke Energy stock by locking in a fixed stock price through the use of an “equity forward” structure. An equity forward is a contract with a bank

¹ As noted in the Application to Engage in a Business Combination Transaction and Address Regulatory Conditions and Codes of Conduct, filed concurrently with this Request, Duke Energy and Piedmont will assume that the Commission would find that the proposed transaction will have an Effect on DEC’s or DEP’s Rates or Service, as defined in the Regulatory Conditions with reference to N.C. Gen. Stat. § 62-3(23)(c).

counterparty by which Duke Energy would conduct a stock offering at the then-current market price (less a negotiated discount), but delay the actual issuance of new shares and receipt of the stock sale proceeds until a later time. The size of the stock offering involving an equity forward contract is expected to range between \$500 and \$750 million, but may be subject to upward or downward revisions.

3. Duke Energy also plans to issue up to \$4.5 billion in long-term senior notes of Duke Energy in a series of underwritten public offerings to take place on a single date to be determined in 2016, in order to fund the transaction. The debt securities will feature a provision requiring that they be redeemed by the company, upon payment of a redemption price of approximately 101 percent of the outstanding principal, in the event that the acquisition does not close by a specified date. Therefore, Duke Energy does not expect the debt to remain outstanding unless the Transaction is consummated.

4. Duke Energy respectfully requests that the Commission expeditiously approve within 30 days of this Request Duke Energy's proceeding with any of the potential debt and equity financings, including a common stock offering (including equity-related hedging strategies), DRIP and equity-linked financings discussed herein in advance of the Commission's decision on the Merger Application. Duke Energy submits that the expeditious approval by the Commission will in no way limit or prevent any party or the Commission from a full and complete investigation of the proposed business combination transaction with Piedmont under N.C. Gen. Stat. § 62-111(a). In the event Duke Energy proceeds with an "equity forward" contract, the "equity forward" contract can be unwound at Duke Energy's option at any time, and Duke Energy would not be obligated to issue the shares should the proceeds not be needed to close the Transaction.

Likewise, as noted above, Duke Energy does not expect the debt to remain outstanding unless the Transaction with Piedmont is consummated. The amount raised through either equity or debt offerings may be reduced to the extent Duke Energy has other sources of cash available during 2016.

5. Duke Energy notes that Regulatory Condition 9.1 establishes that an application under N.C. Gen. Stat. § 62-111(a) must be filed at least 180 days before the closing date of a proposed business combination, but it does not speak to the timing of the Commission's approval of that application. Accordingly, Regulatory Condition 9.1 does not appear to prohibit the Commission from expeditiously approving the securities issuances or financings associated with a business combination that are filed in conjunction the application under N.C. Gen. Stat. § 62-111(a). If, however, the Commission disagrees with Duke Energy's interpretation of Regulatory Condition 9.1, Duke Energy respectfully requests a waiver of Regulatory Condition 9.1 to the extent necessary for the Commission to expeditiously approve the proposed securities issuances for the reasons stated above.

6. As noted above, Duke Energy has complied with Regulatory Conditions 7.6(d) and 9.1 by filing acquisition-related financing information with the merger application, and seeks expedited consideration of this Request by the Commission. Duke Energy may eventually issue common stock at the holding company level. DEC and DEP will not issue securities in connection with this Transaction with Piedmont.

WHEREFORE, for the foregoing reasons, Duke Energy respectfully requests that the Commission issue an Order approving Duke Energy's ability to proceed with the financing transactions described herein within thirty (30) days of the Merger Application,

in order to provide Duke Energy with the needed flexibility for the timing of the finance offerings, and grant such further relief as the Commission deems just, equitable and proper.

Respectfully submitted this the 15th day of January, 2016.

DUKE ENERGY CORPORATION

By:



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VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

Stephen G. De May, being first duly sworn, deposes and says:

That he is Senior Vice President and Treasurer of Duke Energy Corporation; that he has the authority to verify the foregoing Request of Duke Energy Corporation for Expedited Approval of Piedmont Transaction-Related Financing; that he has read this Application and knows the contents thereof; and that the same is true of his own knowledge.

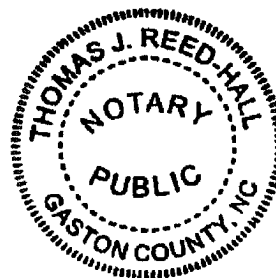


Stephen G. De May

Sworn to and subscribed before me
this 15 day of January, 2016.



Notary Public



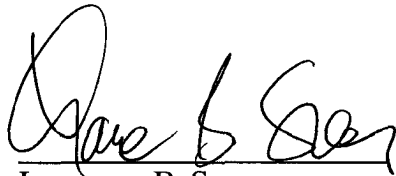
My Commission Expires: 7-30-17

CERTIFICATE OF SERVICE

I certify that a copy of the Request of Duke Energy Corporation for Expedited Approval of Piedmont Transaction-Related Financing in Docket Nos. E-2, Sub 1095; E-7, Sub 1100 and G-9, Sub 682, has been served by electronic mail (e-mail), hand delivery, or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to the following parties of record:

Antoinette Wike, Esq.
NCUC - Public Staff
4326 Mail Service Center
Raleigh, NC 27699-4326
antoinette.wike@psncuc.nc.gov

This, the 15th day of January, 2016.

A handwritten signature in black ink, appearing to read "Lawrence B. Somers", written over a horizontal line.

Lawrence B. Somers
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